



Cumberland Hall

HOSPITAL

December 8, 2014

Office of Health Policy
c/o Diona Mullins, Policy Advisor
Cabinet for Health and Family Services
275 E. Main Street, 4W-E
Frankfort, KY 40621

Dear Ms. Mullins:

Cumberland Hall Hospital appreciates the opportunity to submit comments as solicited in the Cabinet's memo of October 8, 2014 entitled "Certificate of Need Modernization: Core Principles, Request for Stakeholder Input".

Cumberland Hall does fully support the response by the Kentucky Hospital Association (KHA) to this request, through its white paper entitled, "Certificate of Need: Stabilizing Force for Health Care Transformation". The white paper considered the specific aspects of health care reform that will likely impact Kentucky in the future, as well as analyzing the history and evolution of Certificate of Need (CON) in the Commonwealth.

In addressing the "core principles", KHA has identified changes in the payment system as a key driver for health care system transformation, not potential changes in the CON process. This is particularly true for mental health providers.

As hospital providers of behavioral health services, we support expanding the continuum of mental health services to cover outpatient services under Medicaid and allowing those services to be provided by hospitals. However, Kentucky's existing CON program does not constrain the development of outpatient behavioral health services as these services either do not require a CON today (if they qualify for a special clinic) or they would be processed through the expedited, non-substantive review process. CON is important for regulating inpatient hospital capacity to prevent unnecessary duplication of services when existing capacity is sufficient within the current network of facilities. This is particularly true for psychiatric beds as the Commonwealth has experienced a significant decline in inpatient utilization due to the policies of the Medicaid Managed Care Organizations in Kentucky.

What is needed to help the transformation to the new delivery model for behavioral health services is the elimination of IMD, so psychiatric hospitals can treat all patients. Other improvements for health system transformation would be better integration of physical and behavioral health patients. Neither of the above is impacted by the CON program.

The Certificate of Need process in its present form will act as a stabilizing force during the coming health care system transformation. Selected modifications to regulations responding to changing conditions have been and should continue to be part of Kentucky's CON program. Successful transition will be dependent on a stable health care market through the continuation of the CON program.

In addition to the extensive comments submitted by the Kentucky Hospital Association, we believe strongly that any modernization of Kentucky's Certificate of Need process should have a particular focus on improving access to quality services, especially in the area of behavioral health. The KHA statement, rightfully so, references the impact of managed care and the role it must play in any evaluation of Kentucky's CON program. The factors that managed care introduces into this discussion must be given special consideration. The principles of managed care dictate a greater reliance on outpatient community based services as opposed to traditional inpatient care. Since the inception of managed care, the goal has been clearly to minimize lengths of stay and restrict inpatient use to acute episodes only. While those principles play out, we continue to discuss creating a full continuum of care where the needs of any patient can be met somewhere on that spectrum. We've yet to find the balance where the more intensive, often inpatient, services can be fiscally maintained in an environment that so strongly discourages the use of those very same services. The barriers to access for the adult Medicaid population related to behavioral health care, not the least of which is the federal IMD exclusion, should be addressed in some meaningful way within this process.

The Core Principles outlined in the CHFS Special Memorandum are largely interdependent. The principles of *Access to care* and the *Development of a full continuum of care* are hampered significantly when adult Medicaid recipients age 22-64 are automatically restricted by a managed care system from a level of care which may well be the most appropriate spot on the continuum to foster *quality* and *value*. Many states have found creative ways to build a true continuum within a managed care environment. This is our opportunity to create a circumstance where an adult Medicaid patient, regardless of where they fall on the continuum, can find quality treatment services in the most appropriate setting.

Sincerely,



Jim Spruyt, CEO
Cumberland Hall Hospital

JS/kw